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EXHIBIT

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21-cv-00260-PB

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UNITED STATES DISTRICT COURT  
DISTRICT OF NEW HAMPSHIRE  
  
SECURITIES AND EXCHANGE ) Civil Action No.  
COMMISSION, ) 1:21-cv-00260-PB  
 )  
Plaintiff, )  
 ) VOLUME 1  
vs. ) (Pages 1 to 376)  
 )  
LBRY, INC., )  
 )  
Defendant. )  
\_\_\_\_\_ )

CONFIDENTIAL VIDEOTAPED DEPOSITION OF  
JEREMY KAUFFMAN  
New York, New York  
Monday, March 21, 2022

REPORTED BY:  
ELBIA BAIRE  
JOB NO. 220321LHR

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10:03 1 Q. I understand. I'm asking you about a  
2 different thing. I'm asking you about the LBRY  
3 part of the transaction.

4 A. And -- an address can't be in multiple  
10:03 5 wallets.

6 Q. I understand that as well. Let me try  
7 to come at it again.

8 In the LBRY YouTube Sync program, was  
9 LBRY paying LBC as part of that process?

10:03 10 A. It --

11 MR. MILLER: Objection.

12 A. It -- it was -- can you explain what --  
13 what -- paying to who?

14 Q. Well, did LBRY pay for the published  
10:04 15 claim?

16 A. LBRY did pay transaction fees, which  
17 are very small fees, as part of content that was  
18 published by the YouTube program.

19 Q. This may be an obvious question. But  
10:04 20 let me ask it as part of the chain anyway.

21 In paying the published claim fees, in  
22 paying those very small portions of LBC, did LBRY  
23 pay it out of wallet addresses that it controlled?

24 A. Yes.

10:04 25 Q. Did that -- does that mean that during

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10:45 1 you can't -- it's not -- you can't control these  
2 kinds of things. You are just attempting to widen  
3 the depth at any given price level.

4 Q. When you say, "widen the depth," what  
10:45 5 does that mean?

6 A. It means that -- like if someone comes  
7 on that want to buy 100,000 LBC, that you don't  
8 want 10,000 of it to be at -- at 20 cents and  
9 another 10,000 to be at 40 cents and then people  
10:45 10 see the price shoot up and then it comes down and  
11 it goes back down to 22 or something. Wherever it  
12 was -- wherever -- however that would sort of more  
13 naturally move it, you know, over time.

14 Because you are not -- you are not  
10:45 15 using -- if you were -- if you were attempting to  
16 move the price in one way or another, you'd have  
17 to actually sell the LBC or you'd have to buy LBC.

18 What they're trying to do is, just  
19 smooth -- smooth it out so that it doesn't go as  
10:46 20 wiggly. The graph doesn't jump up and down so  
21 much from -- from one purchase here and there.

22 Q. Has there ever been a time that you  
23 were concerned that LBRY's sale of LBC might  
24 affect the price of LBC in some certain way?

10:46 25 MR. MILLER: Objection.

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11:35 1 lawyers told you.

2 A. Just for purposes of being correct,  
3 that's the only entity I know as being involved in  
4 creating this for Julian -- aiding Julian's  
11:35 5 immigration efforts.

6 Q. Got it.

7 MR. JONES: I'm going to mark  
8 Exhibit 125, please.

9 (Exhibit 125 was marked for  
10 identification.)

11 THE WITNESS: Are we done with these --

12 MR. JONES: We're done for now, yes.

13 THE WITNESS: I'll just --

14 MR. JONES: Thank you.

11:36 15 All set.

16 Q. I'm going to give you this in one  
17 second. But let me ask you a couple of questions  
18 about it -- about the topic first.

19 A. Sure.

11:36 20 Q. I want the change to an entity known as  
21 MoonPay.

22 A. Yes.

23 Q. Are you familiar with that entity?

24 A. Yes.

11:36 25 Q. What is your understanding of what

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11:36 1 MoonPay is?

2 A. MoonPay -- what would be a word for  
3 it -- they're a vendor that provides payment  
4 services. They basically will process credit card  
11:36 5 transactions for purposes of purchasing  
6 cryptocurrency.

7 They may do other things, but they --  
8 they have a big presence in that industry as a  
9 vendor for providing cryptocurrency purchases via  
11:36 10 -- via credit card.

11 Q. Okay. And did LBRY partner with  
12 MoonPay in any way?

13 A. LBRY hired MoonPay as a vendor.

14 Q. Okay. What services was MoonPay hired  
11:37 15 to do?

16 A. MoonPay was hired to process credit  
17 card transactions for purchases of LBRY credits.

18 Q. Why did LBRY hire MoonPay?

19 A. LBRY hired MoonPay so that we could  
11:37 20 make LBRY credits more available to users of the  
21 LBRY network.

22 Q. Why was that a desirable outcome for  
23 LBRY?

24 A. LBRY desires its software to be used as  
11:37 25 widely as possible by as many people as possible.

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11:37 1 And usage of the software, at least to its full  
2 extent, requires some amount of the crypto --  
3 cryptocurrency.

4 Q. So users need to get LBC to use the  
11:37 5 full extent of the LBRY network?

6 A. They need LBC to create a handle or to  
7 publish something. They don't need LBC to access  
8 content.

9 Q. Okay. When did LBRY decide it wanted  
11:37 10 to hire the services of MoonPay?

11 A. I don't recall specifically.

12 Q. Can you give me a general time period?  
13 Or year?

14 A. Was it the beginning of 2021 or was it  
11:38 15 all the way back to 2020? I'm not -- I'm not  
16 sure.

17 Q. I'll give you this document here, that  
18 may help you.

19 A. I'm sure you have the date there.

11:38 20 Q. Well, I don't necessarily have them  
21 right there. But that will at least help you sort  
22 of put a frame of reference around it. Let me  
23 have you look through that document.

24 MR. JONES: For the record, this is  
11:38 25 125. Which begins at LBRY SEC 14114.

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12:06 1 A. Josh would determine that.

2 Q. And is there any sort of standard or --  
3 or -- or set of decisions to be made about where  
4 it goes, one or the other?

12:06 5 MR. MILLER: Objection.

6 A. I'm not aware of one.

7 Q. Okay. So LBRY can draw from both  
8 accounts for any purpose?

9 MR. MILLER: Objection.

12:06 10 A. I am not -- I'm not certain. But  
11 presumably.

12 Q. Okay. And does all of the money that  
13 LBRY receives from the sale of LBC go into either  
14 its Bitcoin wallet or its two bank accounts?

12:06 15 A. I believe so.

16 Q. Okay. Do you have any accounts that  
17 are specifically earmarked for purposes --  
18 specific purposes?

19 A. I --

12:06 20 MR. MILLER: Objection.

21 A. I don't believe so.

22 Q. Okay. Do you have any accounting codes  
23 that are specifically earmarked for certain  
24 purposes?

12:07 25 A. I'm not involved -- I'm not closely

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12:07 1 involved in the accounting practices of my  
2 company.

3 Q. Okay. Are you aware of any time where  
4 LBRY said we are going to sell LBC for this  
12:07 5 specific purpose and that specific purpose only?

6 MR. MILLER: Objection.

7 A. I have no immediate specific  
8 recollection of that.

9 Q. When LBRY sells LBC, has it generally  
12:07 10 been to essentially fund operating expenses?

11 A. LBRY sold LBC for purposes of making  
12 LBC available and so that the company would have  
13 money.

14 Q. When you say, "the company would have  
12:07 15 money," do you mean it would have money in its  
16 bank account or it would have money to operate?

17 A. So they would have money in its bank  
18 account.

19 Q. Okay. And does LBRY use the money in  
12:07 20 its bank account to operate the business?

21 A. Yes.

22 Q. Okay. The money that LBRY lent to  
23 Odysee, did that come from one of those two bank  
24 accounts that you are talking about?

12:08 25 MR. MILLER: Objection.



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12:13 1 YouTubers that essentially ask Odysee to perform  
2 publishing for them. After that publishing  
3 happens, that content is then on the decentralized  
4 network and it is controlled by those YouTubers.

12:13 5 Because it's in their wallet, not ours.

6 Q. Okay. But in that process you were  
7 describing with Odysee, it is Odysee or LBRY that  
8 puts the original video onto the blockchain?  
9 Or -- or -- that's a little bit --

12:13 10 A. Yeah. Yeah.

11 Q. I understand I probably used the wrong  
12 terms there.

13 Essentially, publishes the -- causes  
14 the video to be associated with the blockchain?

12:13 15 MR. MILLER: Objection.

16 A. It's -- it's more like just performing  
17 an initial announcement, is what's happening.

18 Q. All right. Is that essentially making  
19 the claim or is that different?

12:13 20 A. Yes.

21 Q. Okay. Making the claim.

22 And doe LBRY -- LBRY originally makes  
23 the claim on the blockchain?

24 A. Well, Odysee -- Odysee does for

12:13 25 YouTubers now, not LBRY.

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12:13 1 Q. Okay. But prior to Odysee being a  
2 separate company, did LBRY make the claim on the  
3 blockchain?

4 MR. MILLER: Objection.

12:14 5 A. LBRY did make claims on the blockchain  
6 on behalf of YouTubers that were then in those  
7 YouTubers' wallets.

8 Q. What kind of claim is that?

9 A. A published claim.

12:14 10 Q. Okay. And that's a published claim  
11 being made by LBRY and then later Odysee?

12 A. Correct.

13 Q. Okay. And that claim comes with a  
14 transfer of LBC?

12:14 15 A. No, I don't believe so.

16 Q. No, there's no fee that goes along with  
17 that?

18 MR. MILLER: Objection.

19 A. There is. I misunderstood.

12:14 20 Q. Of course. That's fine.

21 A. There's no -- the -- the LBRY -- the  
22 entity -- whenever a published transaction is  
23 happening, there is a small -- we are talking  
24 about fractions of a cent of a fee associated with  
12:14 25 that that has to be paid. You can't do it without

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12:23 1 it's, you know, reasonable, I think, to say that  
2 metadata that looks like that is -- is from the  
3 YouTube -- is from one of the YouTube --

4 Q. LBRY is not putting published claims on  
12:23 5 its metadata that looks similar to YouTube but is  
6 not YouTube, is it?

7 A. Correct.

8 Q. Okay. So if I had a known LBRY wallet  
9 address and metadata that indicated YouTube,  
12:23 10 fairly certain that that's LBRY publishing that  
11 YouTube claim to the blockchain?

12 A. That seems reasonably likely.

13 Q. Okay.

14 MR. JONES: Mark two more here. That's  
12:23 15 the first one.

16 (Exhibit 126 was marked for  
17 identification.)

18 (Exhibit 127 was marked for  
19 identification.)

12:24 20 MR. JONES: Okay. Let me give you  
21 Exhibits 126 and 127, Mr. Kauffman. 126, for the  
22 record, is the one that starts -- it has 2018  
23 through March 2021. And is at LBRY SEC 56542.  
24 And 127 is the profit and loss statement from  
12:24 25 March to October 2021.

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12:24 1 Thank you, sir.  
2 And that is at LBRY SEC 56765.  
3 Q. Are you familiar with these documents,  
4 Mr. Kauffman?  
12:25 5 A. Not specifically.  
6 Q. Are these profit and loss statements  
7 that go along with your company?  
8 A. Yes.  
9 Q. Okay. And you know them to be produced  
12:25 10 by LBRY in the course of this litigation?  
11 A. That appears to be the case.  
12 Q. Okay. Up at the top -- I want to start  
13 on -- on the January 2018 to March 2021, which I  
14 believe is 126.  
12:25 15 A. I see.  
16 Q. Okay. There is in January -- in the  
17 28 -- let me take a step back.  
18 There's a 2018 column, that's the first  
19 column of numbers; is that correct?  
12:25 20 A. Yes.  
21 Q. And there is a 2019 column to the right  
22 of it, correct?  
23 A. Yes.  
24 Q. Okay. And so on across the columns of  
12:25 25 the chart, correct?

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12:25 1 A. Yes.

2 Q. In the first couple of columns, there's

3 sales of product income on the one, two, three,

4 four, five -- fifth line of the income part of the

12:25 5 profit and loss statement.

6 Do you see that?

7 A. Yes.

8 Q. Is that product income sale of LBC?

9 A. I would say assume so.

12:26 10 Q. Was there any other product that was

11 being sold by LBRY during those time periods, 2018

12 and 2019?

13 A. They're -- we sold some merchandise and

14 some USB keys and things. But -- but this would

12:26 15 presumably predominantly be LBC income.

16 Q. And by "predominantly," you mean more

17 than 90 percent?

18 A. Reasonably likely.

19 Q. Okay. And then at some point, the

12:26 20 accounting for sale of LBC gets its own line.

21 That's the third line of the document.

22 A. I see that.

23 Q. Okay. But the sale of LBC is

24 essentially, either in the early days, this

12:26 25 product income or on the sale of LBC line,

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12:26 1 correct?

2 A. That appears to be correct.

3 Q. Okay. In fact, in 2020, there's a  
4 separate sales line.

12:26 5 Is that for the merchandise that you  
6 were talking about?

7 A. That would -- that would make sense.

8 Q. Okay. And there's also a line, it's  
9 the sixth line, it says, "Service/Fee Income."

12:27 10 Do you know what that is?

11 A. I don't recall specifically.

12 Q. Okay. What about the services that are  
13 in the -- the seventh line?

14 A. I don't -- I don't recall specifically.

12:27 15 Q. Okay. But that's all revenue -- those  
16 lines, "Sales, Service/Fee Income," and  
17 "Services," that's all revenue that LBRY is  
18 getting apart from the sale of LBC, correct?

19 A. I believe so.

12:27 20 Q. Okay. Do you have any -- scratch that.  
21 In the -- in the January to March 2021  
22 column, about halfway down the page under  
23 "Expenses," it says, "Creator LBC Buyback."

24 Do you see that?

12:27 25 A. I do.

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12:27 1 Q. What is the Creator LBC Buyback?  
2 A. I was wondering the same thing.  
3 Q. Do you know that your company seems to  
4 have engaged in something called Creator LBC  
12:27 5 Buyback to the tune of about \$40,000?  
6 A. I do not recall that specifically.  
7 Q. Okay. And if you go over to  
8 Exhibit 127, there is a row for Creator LBC  
9 Buyback there, too, yes?  
12:28 10 A. That appears to be the same figure.  
11 Q. Okay.  
12 A. These documents both overlap in March.  
13 Q. So does that tell you that in March --  
14 well, never mind.  
12:28 15 Well, in March of 2021, there was  
16 something called a Creator LBC Buyback?  
17 A. The -- I -- I don't -- I have no idea  
18 what this line item is, so I don't want to  
19 speculate.  
12:28 20 Q. Is creator a term that folks at LBRY  
21 generally use.  
22 MR. MILLER: Objection.  
23 Q. In reference to activity in the LBRY  
24 network.  
12:28 25 MR. MILLER: Objection.

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12:28 1 A. We do sometimes refer to publishers as  
2 creators.

3 Q. Okay. Going back to 126, the earlier  
4 in time document.

12:28 5 Do you see that there's a line for  
6 "International Employee and Freelance"?

7 A. I do.

8 Q. Does this refer to a particular  
9 international employee or does LBRY have multiple  
12:29 10 international employees?

11 A. We had multiple international  
12 employees.

13 Q. Okay. And then about six line -- one,  
14 two, three, four, five -- six lines down from  
12:29 15 there is seven, is "Wages."

16 You see that?

17 A. Yes.

18 Q. Okay. So if we can -- so wages in 2020  
19 were 712,632 and 50 cents, correct?

12:29 20 A. Wages in 2020 were 771. That -- oh,  
21 712.

22 Q. I wasn't counting the taxes, but I see  
23 where you were. Yeah.

24 A. Yes. Okay. Yes. And well -- I  
12:29 25 don't -- I don't know if the word wages only refer



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12:29 1 to employees?

2 Q. I don't know. I'm just going based on  
3 what is over in the left-hand column where it  
4 says, "Wages."

12:29 5 A. I suspect that -- just give me a  
6 minute.

7 I'm trying to understand whether that  
8 figure includes the international employees or  
9 not. And what the word wages means specifically.

12:30 10 Q. So as the CEO of LBRY, Mr. Kauffman, do  
11 you ever look at a profit and loss statement for  
12 your company?

13 A. You know, not all the time.

14 Q. Well, I understand not all the time.

12:30 15 No one does anything all the time. I'm asking  
16 about occasionally.

17 Do you occasionally look at the profit  
18 and loss statement of your company?

19 A. I don't look at them very frequently,

12:30 20 no.

21 Q. How frequently do you look at them?

22 A. You know, I don't know if I've ever  
23 looked at this.

24 Q. You've never looked at a profit and

12:30 25 loss statement for your company?

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12:30 1 A. You guys don't know I'm unusual yet?  
2 Q. I'm not going to comment on your  
3 usualness or unusualness, Mr. Kauffman.  
4 I'm just asking whether or not you look  
12:30 5 at the profit and loss statement for your company?  
6 A. I don't.  
7 Q. Okay. So you've never seen a profit  
8 and loss statement for your company?  
9 MR. MILLER: Objection.  
12:30 10 A. I don't know that I would say never.  
11 But I don't look at them frequently.  
12 Q. If we look at "International Employee  
13 and Freelance" and "Wages," it looks like in 2020,  
14 if you add those two numbers together, you get  
12:31 15 about 1.1 million, correct?  
16 A. That sounds roughly correct.  
17 Q. Okay. And then if you look at what was  
18 spent in January to March of 2021, you get 257,894  
19 there.  
12:31 20 You see that?  
21 A. Yes.  
22 Q. And then 110,000 for international  
23 employees and freelance?  
24 A. Yes.  
12:31 25 Q. Okay. So that's about 360 there,